



SHERYL L. SPILLER
Acting Director

County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

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BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

February 21, 2012

#27 FEBRUARY 21, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**RECOMMENDATION TO EXTEND THE ANONYMOUS FRAUD REFERRALS AND REWARD
SERVICES CONTRACT
(ALL DISTRICTS - 3 VOTES)**

SUBJECT

The Department of Public Social Services (DPSS) seeks a month-to-month extension of the current Anonymous Fraud Referrals and Reward Services contract with WeTip, Inc., for up to 12 months effective March 22, 2012.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Acting Director of DPSS or her designee to execute an amendment, in substantially similar form to the attached amendment, to the Anonymous Fraud Referrals and Reward Services contract with WeTip, Inc. The amendment will add certain relevant County terms and conditions and extend the contract on a month-to-month basis for up to 12 months effective March 22, 2012 through March 31, 2013, for the provision of a toll-free telephone line for the public to anonymously report suspected welfare fraud. The estimated contract cost for the 12-month extension is \$67,292, which has been included in the Department's Fiscal Year (FY) 2011-12 Adopted Budget and FY 2012-13 budget request.
2. Delegate authority to the Acting Director of DPSS or her designee to prepare and sign subsequent amendments to add any relevant updated terms and conditions, to increase or decrease, by no more than ten percent, the maximum contract amount in return for an increase or decrease in services provided that (a) sufficient funding is available, (b) prior Chief Executive Office (CEO) and County Counsel approval as to form is obtained and (c) the Director or designee notifies the CEO in writing within ten business days after execution.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended action will allow DPSS to continue providing a 24/7 toll-free telephone line for the public to report welfare fraud while completing a new contract solicitation. WeTip, Inc., provides trained multilingual operators experienced in questioning callers to elicit sufficient details of reported instances of suspected welfare fraud to report to DPSS. This service has helped reduce the incidences of welfare fraud. The California Department of Social Services has approved the 12-month contract extension effective March 22, 2012.

Implementation of Strategic Plan Goals

The recommended action is consistent with the principles of the Countywide Strategic Plan Goal #1 - Operational Effectiveness: Maximize the effectiveness of the County's processes, structure and operations to support timely delivery of customer-oriented and efficient public services.

FISCAL IMPACT/FINANCING

The estimated contract cost for an additional 12-month period effective March 22, 2012 through March 31, 2013 is \$67,292. Because there is a CalWORKs and CalFresh Maintenance of Effort requirement, which will be met by the County, there is no additional net County cost (NCC) for these programs. The share of cost associated with programs such as General Relief, results in an estimated NCC of \$6,000. Sufficient funding has been included in the Department's FY 2011-12 Adopted Budget and FY 2012-13 budget request.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

WeTip, Inc. is a non-profit organization designed to take information from the public while maintaining their anonymity, regarding suspected cases of welfare fraud occurring in Los Angeles County. WeTip, Inc. has been providing these services since 1987.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended action will not infringe on the role of the County in relationship to its residents and the County's ability to respond to an emergency will not be impaired. There is no change in risk exposure to the County.

CONCLUSION

The Executive Officer, Board of Supervisors, is requested to return one adopted, stamped Board letter to the Acting Director of DPSS.

The Honorable Board of Supervisors

2/21/2012

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Respectfully submitted,

A handwritten signature in cursive script, reading "Sheryl L. Spiller".

SHERYL L. SPILLER

Acting Director

SLS:md

Enclosures

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors
Deputy Chief Executive Officer

**AMENDMENT NUMBER ONE
TO THE CONTRACT BETWEEN COUNTY OF LOS ANGELES
AND
WETIP, INC.**

Reference is made to the document entitled, *"Anonymous Fraud Referrals and Reward Services Contract By And Between County of Los Angeles And We-Tip, Inc., A Private Nonprofit Enterprise"*, dated March 22, 2009, and further identified as County Contract #76942, (hereinafter referred to as the "Contract").

WHEREAS, County of Los Angeles ("COUNTY") and WeTIP Inc., ("CONTRACTOR") intend to amend this Contract in order to extend the term and modify certain terms and conditions; and,

WHEREAS, Contract provides that further changes to its terms may be made in the form of a written amendment which is formally approved and executed by the parties.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

I. All changes set forth in this amendment shall only be effective upon execution, and shall have no retroactive effect.

II. SECTION 4.0, TERM OF CONTRACT, is modified to add the following:

4.1 The term of the Contract shall be extended on a month-to-month basis beginning March 22, 2012, and will automatically extend for additional one month increments on a month-to-month basis, for a total time period not to exceed March 31, 2013. Each monthly extension will occur without notice unless or until notice by the Director of DPSS or authorized representative advises the CONTRACTOR otherwise.

III. SECTION 5.0, CONTRACTOR SUM, Subsection 5.1, Maximum Contract Amount, is deleted in its entirety and replaced as follows:

5.1 Maximum Contract Amount

The maximum amount for the entire term of this Contract is \$269,168.16.

5.1.1 COUNTY shall pay CONTRACTOR a maximum of \$67,292.16 per year at the rate of \$5,607.68 per month, which shall be known as the Basic Monthly Charge.

5.1.2 In addition to the amounts described in Section 5.1 and 5.1.1 herein, COUNTY shall pay to CONTRACTOR, upon presentation of an Informant Reward invoice by CONTRACTOR, an unspecified

sum not to exceed \$20,000 per year, from a reward fund set up to pay rewards to informants who call CONTRACTOR or COUNTY.

IV. SECTION 5.0, CONTRACTOR SUM, Subsection 5.5, Invoices and Payments, is modified to add the following:

5.5.8 Unspent Funds

- 5.5.8.1 At the end of each Fiscal Year and at the end of the Contract term, any excess funds and interest the CONTRACTOR has accumulated for the provision of anonymous fraud referrals and reward services are to be treated as Unspent Funds.
- 5.5.8.2 At COUNTY's sole discretion, these Unspent Funds may be retained by the CONTRACTOR to fund enhanced program related services, not the services already required to be provided by the Contract. The use of the Unspent Funds must be reasonable and allowable.
- 5.5.8.3 CONTRACTOR shall be responsible for tracking all Contract payments and expenditures for the program, including submission of the following:
 - a. An Expenditure Report on Contract revenues versus expenditures for each Fiscal Year must be submitted to DPSS Contract Management Division (CMD) on July 31st following the end of each Fiscal Year and no later than one month after the end of the Contract term. Any revisions to the Expenditure Report shall be submitted to CMD no later than ten (10) calendar days after submission of the original Report. The purpose of the Expenditure Report is to identify the amount of Unspent Funds and its earned interest. The Expenditure Report will be reviewed by the COUNTY.
 - b. The COUNTY reserves the right to change the Expenditure Report reporting periods.
- 5.5.8.4 A Disposition Plan on how the Unspent Funds and its earned interest will be reinvested must be submitted by CONTRACTOR to COUNTY with the CONTRACTOR's Expenditure Report.
 - a. Unspent Funds must be used to enhance the already approved program services and must be spent on items above and beyond those items identified in the Contract and in Appendix C, Required Forms, Attachment A, Contractor's Budget. The Disposition Plan must include a budget in

accordance with the principles included in OMB Circular A-122 ([http:// www. whitehouse. gov/omb/ circulars default](http://www.whitehouse.gov/omb/circulars/default)). The Disposition Plan will be reviewed by the COUNTY and is subject to approval at the COUNTY's sole discretion. Unspent Funds must be used within the Fiscal Year that the Disposition Plan is approved or within a time period determined by the COUNTY.

- b. In addition, the Disposition Plan must include a detailed description of the services to be provided, the duration of those services, measurable outcomes, monitoring plan, all reporting and record keeping activities and a budget.
- c. If the COUNTY does not approve the CONTRACTOR's Disposition Plan, the COUNTY will request the Unspent Funds and its earned interest be returned to the COUNTY within thirty (30) days after COUNTY's disapproval of the Disposition Plan. The CONTRACTOR must comply with the COUNTY's request.
- d. COUNTY has the right to evaluate the effectiveness of services provided under the Disposition Plan. If COUNTY finds the services are not effective, the services under the Disposition Plan may be terminated at COUNTY's sole discretion and CONTRACTOR must return the remaining Unspent Funds and its earned interest to the COUNTY.
- e. The CONTRACTOR must submit a Final Disposition Report to the COUNTY within thirty (30) days after the scheduled completion date of an approved Disposition Plan. The Final Disposition Report shall reflect the final status on the completion of all tasks included in the Disposition Plan, as well as all of the final outcomes of said tasks and a final statement on expenditures. Any Unspent Funds remaining after the completion of the approved Disposition Plan must be returned to the COUNTY with the Final Disposition Report.

5.5.8.5. All uses of funds paid to and expended by CONTRACTOR, including Unspent Funds, and other financial transactions related to CONTRACTOR's provision of services under this Contract are subject to review and/or audit by DPSS, COUNTY's Auditor-Controller or its designee.

5.5.8.6. Notwithstanding any other provision of this Contract, in addition to all other rights to monitor, CONTRACTOR and COUNTY

agree that it is the intent of the parties that COUNTY shall have the right to audit any and all use of funds paid to and expended by CONTRACTOR, including Unspent Funds and its earned interest, in order to ensure that all funds are accounted for.

5.5.8.7. CONTRACTOR agrees to be bound by applicable COUNTY disallowed cost procedures, rules and regulations, and to repay to COUNTY any amount, with its earned interest, which is found to violate the terms of this Contract or applicable provisions.

V. SECTION 8.0, STANDARD TERMS AND CONDITIONS, Subsection 8.37 General Insurance Requirements, is deleted in its entirety and replaced as follows:

8.37 GENERAL INSURANCE REQUIREMENTS

Without limiting CONTRACTOR indemnification of COUNTY, and in the performance of this Contract and until all of its obligations pursuant to this Contract have been met, CONTRACTOR shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Sections 8.37 and 8.38 of this Contract. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon CONTRACTOR pursuant to this Contract. The COUNTY in no way warrants that the Required Insurance is sufficient to protect the CONTRACTOR for liabilities which may arise from or relate to this Contract.

8.37.1 Evidence of Coverage and Notice to COUNTY.

Certificate(s) of insurance coverage (Certificate) satisfactory to COUNTY, and a copy of an Additional Insured endorsement confirming COUNTY and its Agents (defined below) has been given Insured status under the CONTRACTOR's General Liability policy, shall be delivered to COUNTY at the address shown below and provided prior to commencing services under this Contract.

Renewal Certificates shall be provided to COUNTY not less than 10 days prior to CONTRACTOR's policy expiration dates. The COUNTY reserves the right to obtain complete, certified copies of any required CONTRACTOR and/or Sub-Contractor insurance policies at any time.

Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Contract by name or number, and be signed by an authorized representative of the

insurer(s). The Insured party named on the Certificate shall match the name of the CONTRACTOR identified as the contracting party in this Contract. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any COUNTY required endorsement forms.

Neither the COUNTY's failure to obtain, nor the COUNTY's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the CONTRACTOR, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

**Department of Public Social Services
Contract Management Division/Section III
12900 Crossroads Parkway South, 2nd Floor
City of Industry, CA 91746
Attn: Myhanh Duong, ASM I**

CONTRACTOR also shall promptly report to COUNTY any injury or property damage accident or incident, including any injury to a CONTRACTOR employee occurring on COUNTY property, and any loss, disappearance, destruction, misuse, or theft of COUNTY property, monies or securities entrusted to CONTRACTOR. CONTRACTOR also shall promptly notify COUNTY of any third party claim or suit filed against CONTRACTOR or any of its Sub-CONTRACTORS which arises from or relates to this Contract, and could result in the filing of a claim or lawsuit against CONTRACTOR and/or COUNTY.

8.37.2 Additional Insured Status and Scope of Coverage

The COUNTY of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively COUNTY and its Agents) shall be provided additional insured status under CONTRACTOR's General Liability policy with respect to liability arising out of CONTRACTOR's ongoing and completed operations performed on behalf of the COUNTY. COUNTY and its Agents additional insured status shall apply with respect to liability and defense of suits arising out of the

CONTRACTOR's acts or omissions, whether such liability is attributable to the CONTRACTOR or to the COUNTY. The full policy limits and scope of protection also shall apply to the COUNTY and its Agents as an additional insured, even if they exceed the COUNTY's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

8.37.3 Cancellation of or Changes in Insurance

CONTRACTOR shall provide COUNTY with, or CONTRACTOR's insurance policies shall contain a provision that COUNTY shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to COUNTY at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of the COUNTY, upon which the COUNTY may suspend or terminate this Contract.

8.37.4 Failure to Maintain Insurance

CONTRACTOR's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Contract, upon which COUNTY immediately may withhold payments due to CONTRACTOR, and/or suspend or terminate this Contract. COUNTY, at its sole discretion, may obtain damages from CONTRACTOR resulting from said breach. Alternatively, the COUNTY may purchase the Required Insurance, and without further notice to CONTRACTOR, deduct the premium cost from sums due to CONTRACTOR or pursue CONTRACTOR reimbursement.

8.37.5 Insurer Financial Ratings

Coverage shall be placed with insurers acceptable to the COUNTY with A.M. Best ratings of not less than A: VII unless otherwise approved by COUNTY.

8.37.6 CONTRACTOR's Insurance Shall Be Primary

CONTRACTOR's insurance policies, with respect to any claims related to this Contract, shall be primary with respect to all other sources of coverage available to CONTRACTOR. Any COUNTY maintained insurance or self-insurance coverage shall be in excess of and not contribute to any CONTRACTOR coverage.

8.37.7 Waivers of Subrogation

To the fullest extent permitted by law, the CONTRACTOR hereby waives its rights and its insurer(s)' rights of recovery against COUNTY under all the Required Insurance for any loss arising from or relating to this Contract. The CONTRACTOR shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to effect such waiver.

8.37.8 Sub-Contractor Insurance Coverage Requirements

CONTRACTOR shall include all Sub-Contractors as insureds under CONTRACTOR's own policies, or shall provide COUNTY with each Sub-Contractor's separate evidence of insurance coverage. CONTRACTOR shall be responsible for verifying each Sub-Contractor complies with the Required Insurance provisions herein, and shall require that each Sub-Contractor name the COUNTY and CONTRACTOR as additional insureds on the Sub-Contractor's General Liability policy. CONTRACTOR shall obtain COUNTY's prior review and approval of any Sub-Contractor request for modification of the Required Insurance.

8.37.9 Deductibles and Self-Insured Retentions (SIRs)

CONTRACTOR's policies shall not obligate the COUNTY to pay any portion of any CONTRACTOR deductible or SIR. The COUNTY retains the right to require CONTRACTOR to reduce or eliminate policy deductibles and SIRs as respects the COUNTY, or to provide a bond guaranteeing CONTRACTOR's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

8.37.10 Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Contract. CONTRACTOR understands and agrees it shall

maintain such coverage for a period of not less than three (3) years following Contract expiration, termination or cancellation.

8.37.11 Application of Excess Liability Coverage

CONTRACTORS may use a combination of primary, and excess insurance policies which provide coverage as broad as the underlying primary policies, to satisfy the Required Insurance provisions.

8.37.12 Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

8.37.13 Alternative Risk Financing Programs

The COUNTY reserves the right to review, and then approve, CONTRACTOR use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The COUNTY and its Agents shall be designated as an Additional Covered Party under any approved program.

8.37.14 COUNTY Review and Approval of Insurance Requirements

The COUNTY reserves the right to review and adjust the Required Insurance provisions, conditioned upon COUNTY's determination of changes in risk exposures.

VI. SECTION 8.0, STANDARD TERMS AND CONDITIONS, is modified to add the following provisions:

8.72 Warranty of Compliance with COUNTY's Defaulted Property Tax Reduction Program

CONTRACTOR acknowledges that COUNTY has established a goal of ensuring that all individuals and businesses that benefit financially from COUNTY through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon COUNTY and its taxpayers.

Unless CONTRACTOR qualifies for an exemption or exclusion, CONTRACTOR warrants and certifies that to the best of its knowledge it is

IN WITNESS WHEREOF, the Board of Supervisors of the COUNTY of Los Angeles has caused this Amendment Number One to be subscribed on its behalf on the ____ day of _____, 2012 by the Director of the Department of Public Social Services and the CONTRACTOR has subscribed the same through its authorized officer. The person(s) signing on behalf of CONTRACTOR warrants under penalty of perjury that he or she is authorized to bind CONTRACTOR and that he or she holds the stated position noted below.

COUNTY OF LOS ANGELES

By _____
Sheryl L. Spiller, Acting Director
Department of Public Social Services

WeTip, Inc.

By _____
Susan Aguilar, Chief Executive Officer

**APPROVED AS TO FORM:
JOHN KRATTLI, ACTING COUNTY COUNSEL**

By _____
Allison Morse, Senior Deputy County Counsel

**Budget Sheet Format, Anonymous Welfare Fraud Referral and Reward Services
for March 22, 2012 through March 31, 2013**

I.	SALARIES & EMPLOYEE BENEFITS	
	A. Salaries & Wages	
	1. Tip/Computer Operator (1) Full Time to coordinate fraud line personnel \$1,816.50 per month x 12 months	\$ 21,798.00
	2. Bilingual Operator 50% of Full Time \$908.25 per month x 12 months	\$ 10,899.00
	B. Employee Benefits	
	1. Medical(1.5) Employee \$216.74 per month x 12 months	\$ 2,600.88
	C. Employee Payroll Taxes	\$ 3,368.04
	TOTAL SALARIES AND EMPLOYEE BENEFITS	\$38,665.92
II.	SERVICES AND SUPPLIES	
	A. Office Materials, Public Relations Materials, Printing & Literature	
	1. Office Materials – tip forms, dispositions, additional information forms, supplies for computer, copy machine, and general office supplies. \$425.00 per month x 12 months	\$ 5,100.00
	2. Public Relations Materials – ad printing, literature, PSA's for radio stations posters, brochures, flyers, stickers. \$345.60 per month x 12 months	\$ 4,147.20
	B. Communications	
	1. Telephones – including toll free lines, special (800) 87-FRAUD line, fax lines for faxing of tips to Department of Children's Services. \$1,123.50 per month x 12 months	\$ 13,482.00
	2. Postage – mailing of fraud tip information and fraud materials. \$325.50 per month x 12 months	\$ 3,906.00
	C. Insurance	
	1. Workers' Compensation Insurance x 12 months (portion for above employees)	\$ 474.36
	2. Liability Insurance x 12 months	\$ 1,516.68

TOTAL SERVICES & SUPPLIES	\$ 28,626.24
TOTAL BUDGET FOR 1 YEAR	\$ 67,292.16
COST PER MONTH (12 MONTHS)	\$ 5,607.68

**CERTIFICATION OF COMPLIANCE WITH THE COUNTY'S
DEFAULTED PROPERTY TAX REDUCTION PROGRAM**

Company Name:		
Company Address:		
City:	State:	Zip Code:
Telephone Number:	Email address:	
Solicitation/Contract For _____ Services:		

The Proposer/Bidder/Contractor certifies that:

- ☐ It is familiar with the terms of the County of Los Angeles Defaulted Property Tax Reduction Program, Los Angeles County Code Chapter 2.206; **AND**

To the best of its knowledge, after a reasonable inquiry, the Proposer/Bidder/Contractor is not in default, as that term is defined in Los Angeles County Code Section 2.206.020.E, on any Los Angeles County property tax obligation; **AND**

The Proposer/Bidder/Contractor agrees to comply with the County's Defaulted Property Tax Reduction Program during the term of any awarded contract.

- OR -

- ☐ I am exempt from the County of Los Angeles Defaulted Property Tax Reduction Program, pursuant to Los Angeles County Code Section 2.206.060, for the following reason:

I declare under penalty of perjury under the laws of the State of California that the information stated above is true and correct.

Print Name:	Title:
Signature:	Date:

Date: _____